



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

DEC 08 2005

REPLY TO THE ATTENTION OF
(AE-17J)

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Russ R. Perry, Energy & Environmental Engineering Manager
Keystone Steel & Wire Co.
7000 S. W. Adams Street
Peoria, Illinois 61641

Re: Notice of Violation and Finding of
Violation
Keystone Steel & Wire Co.
Peoria, Illinois

Dear Mr. Perry:

The United States Environmental Protection Agency (U.S. EPA) is issuing the enclosed Notice of Violation (NOV) and Finding of Violation (FOV) to Keystone Steel & Wire ("Keystone" or "you") pursuant to Section 113(a)(1) and (3) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a)(1) and (3). We find that you are violating the Prevention of Significant Deterioration requirements in Part C of the Act, 42 U.S.C. §§ 7470-7479 and 42 U.S.C. §§ 7491-7492, the Title V permit program requirements in Sections 503(c) and 504(a) of the Act, 42 U.S.C. §§ 7661b(c) and 7661c(a), and the Illinois State Implementation Plan at your Peoria, Illinois facility.

We have several enforcement options under Section 113(a)(1) and (3) of the Act, 42 U.S.C. § 7413(a)(1) and (3). These options include issuing an administrative compliance order, issuing an administrative penalty order, or bringing a civil or criminal action. The option we select may depend on, among other things, the length of time it takes to achieve and demonstrate continuous compliance with the rules cited in the NOV/FOV.

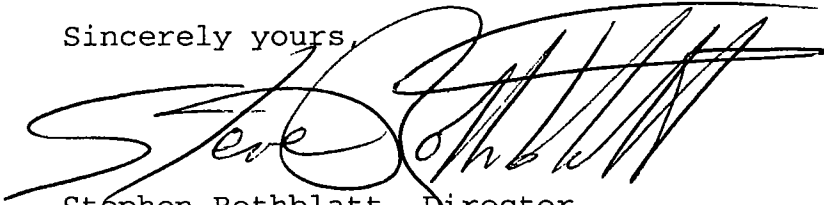
We are offering Keystone an opportunity to confer with us about the violations alleged in the NOV/FOV. The conference will give Keystone the opportunity to present information on the specific findings of violation, any efforts Keystone has taken to comply, and the steps it will take to prevent future violations of this nature.

Please plan for your facility's technical and management

personnel to attend the conference to discuss meaningfully compliance measures and commitments. You may have an attorney represent you at this conference.

The U.S. EPA contact in this matter is Reza Bagherian. You may call him at (312) 886-0674 to request a conference. You should make this request as soon as possible, but no later than 10 calendar days after you receive this letter. We should hold any conference within 30 calendar days of your receipt of this letter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Steve Rothblatt", with a large, stylized flourish extending from the end of the signature.

Stephen Rothblatt, Director
Air and Radiation Division

Enclosure

cc: Julie Armitage, Acting Manager
Compliance and Enforcement Section, Bureau of Air
Illinois Environmental Protection Agency

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5**

IN THE MATTER OF:)	
)	
Keystone Steel & Wire)	NOTICE OF VIOLATION AND
Peoria, Illinois)	FINDING OF VIOLATION
)	
)	EPA-5-06-IL-08
Proceedings Pursuant to)	
Section 113(a)(1) and (3) of)	
the Clean Air Act,)	
42 U.S.C. §§ 7413(a)(1) and)	
(3))	

Notice and Finding of Violation

The United States Environmental Protection Agency (U.S. EPA) is issuing this Notice of Violation (NOV) and Finding of Violation (FOV) to Keystone Steel & Wire (Keystone) pursuant to Section 113(a)(1) and (3) of the Clean Air Act (the Act), 42 U.S.C. § 7413(a)(1) and (3). U.S. EPA finds that Keystone is violating Part C of the Act, 42 U.S.C. §§ 7470-7479 and 42 U.S.C. §§ 7491-7492, the Title V permit program requirements in Sections 503(c) and 504(a) of the Act, 42 U.S.C. §§ 7661b(c) and 7661c(a), and the Illinois State Implementation Plan (SIP) at 7000 S. W. Adams Street, Peoria, Illinois (the facility) as follows:

PSD Regulatory Authority

1. On June 19, 1978, U.S. EPA promulgated the prevention of significant deterioration (PSD) of air quality standards pursuant to Subtitle I, Part C of the Act. The PSD regulations were revised on August 1, 1980 (45 Fed. Reg. 52676). These regulations are codified at 40 C.F.R. § 52.21 (43 Fed. Reg. 26403).
2. On April 7, 1980, U.S. EPA delegated to the Illinois Environmental Protection Agency (IEPA) authority to review and process PSD permit applications and to implement the PSD program. (46 Fed. Reg. 9584)
3. On August 7, 1980, U.S. EPA incorporated provisions of 40 C.F.R. § 52.21(b) through (w) into the Illinois SIP. (45 Fed. Reg. 52741, as amended at 46 Fed. Reg. 9584, codified at 40 C.F.R. § 52.738)

4. 40 C.F.R. § 52.21(b)(1)(i)(b) defines a "major stationary source" as any stationary source which emits, or has the potential to emit, 250 tons per year or more of any air pollutant subject to regulation under the Act.
5. 40 C.F.R. § 52.21(b)(2)(i) defines a "major modification" as any physical change in or change in the method of operation of a major stationary source that would result in a significant net emissions increase of any pollutant subject to regulation under the Act.
6. 40 C.F.R. § 52.21(b)(3)(i) defines "net emissions increase" as "the amount by which the sum of the following exceeds zero: (a) Any increase in actual emissions from a particular physical change or change in method of operation at a stationary source; and (b) Any other increases and decreases in actual emissions at the source that are contemporaneous with the particular change and are otherwise creditable."
7. 40 C.F.R. § 52.21(b)(21)(iv) defines "actual emissions" and states that for any emissions unit that has not begun normal operations on the particular date, actual emissions shall equal the potential to emit (PTE) of the unit on that date.
8. 40 C.F.R. § 52.21(b)(23)(i), defines "significant" net emissions increases for sulfur dioxide (SO₂), nitrogen oxides (NO_x), particulate matter (PM) and carbon monoxide (CO). Significant net emissions increase means an emissions rate that would equal or exceed 40 tons per year of NO_x, 40 tons per year of SO₂, 25 tons per year of PM, and 100 tons per year of CO.
9. 40 C.F.R. § 52.21(j) requires that the owner or operator of any emission unit undertaking a major modification shall apply best available control technology (BACT) for each pollutant subject to regulation under the Act for which it would result in a significant net emissions increase at the source.
10. 40 C.F.R. § 52.21(k), states that the owner or operator of the proposed source or modification shall demonstrate that allowable emission increases from the proposed source or modification, in conjunction with all other applicable emissions increases or reductions (including secondary emissions), would not cause or contribute to air pollution in violation of (1) any national ambient air quality standard (NAAQS) in any air quality control region; or (2)

any applicable maximum allowable increase over the baseline concentration in any area.

11. 40 C.F.R. § 52.21(r)(2) states that an approval to construct a major modification shall become invalid if construction is not commenced within 18 months after receipt of such approval, if construction is discontinued for a period of 18 months or more, or if construction is not completed within a reasonable time.

SIP Regulatory Authority

12. On May 31, 1972, U.S. EPA approved Illinois Pollution Control Board (PCB) Rules 103(a)(1), 103(b)(1) and 103(b)(2) as part of the federally enforceable SIP for Illinois. 37 Fed. Reg. 10842. Due to renumbering of the Illinois PCB Rules, Rules 103(a), 103(b)(1) and 103(b)(2), as approved by U.S. EPA, are currently set forth at Ill. Admin. Code Title 35, §§ 201.142, 201.143 and 201.144, respectively.
13. Section 201.142 prohibits the construction of any new emission source or air pollution control equipment, or the modification of any existing emission source or air pollution control equipment, without first obtaining a construction permit from the State of Illinois.
14. Section 201.143 prohibits the operation of any new emission source or new air pollution control equipment of a type for which a construction permit is required by Section 201.142 without first obtaining an operating permit from the State of Illinois.
15. Section 201.144 prohibits the operation of any emission source constructed or modified prior to April 14, 1972, without first obtaining an operating permit.
16. The Illinois SIP requirements identified in paragraphs 12-15 are federally enforceable under Sections 110 and 113 of the Act, 42 U.S.C. §§ 7410 and 7413.
17. 40 C.F.R. § 52.23 provides that failure to comply with any approved regulatory provision of a SIP or with any permit limitation or condition contained within an operating permit issued under an EPA-approved program that is incorporated into the SIP, shall render the person so failing to comply in violation of a requirement of an applicable implementation plan and subject to enforcement action under Section 113 of the Act.

Title V Permit Authority

18. Section 502(a) of the Act, 42 U.S.C. § 7661(a), requires a major source to operate with a permit issued pursuant to an approved 40 C.F.R. Part 70 ("Title V") operating permit program.
19. Title V of the Act, 42 U.S.C. §§ 7661a-7661f, establishes an operating permit program for certain sources, including "major sources". Pursuant to Section 502(b) of the Act, 42 U.S.C. § 7661a(b), on July 21, 1992, EPA promulgated regulations establishing the minimum elements of a permit program to be administered by any air pollution control agency. 57 Fed. Reg. 32295. These regulations are codified at 40 C.F.R. Part 70.
20. Section 503(c) of the Act, 42 U.S.C. § 7661b(c), has at all relevant times provided that any person required to have a permit shall submit to the permitting authority a compliance plan and an application for a permit signed by a responsible official who shall certify the accuracy of the information submitted. Section 503(b) of the Act, 42 U.S.C. § 7661b(b), requires the compliance plan to include, among other things, a "schedule of compliance." Section 501(3) of the Act, 42 U.S.C. § 7661(3), defines a "schedule of compliance" as "a schedule of remedial measures, including an enforceable sequence of actions or operations, leading to compliance with an applicable implementation plan, emission standard, emission limitation, or emission prohibition."
21. Section 504(a) of the Act, 42 U.S.C. § 7661c(a), has at all relevant times required that each Title V permit include, among other things, enforceable emission limitations and standards, a schedule of compliance, and such other conditions as are necessary to assure compliance with applicable requirements of the Act and the requirements of the applicable SIP, including any PSD requirement to comply with an emission rate that meets BACT.
22. U.S. EPA promulgated final interim approval of the Illinois Title V program on March 7, 1995 (60 Fed. Reg. 12478), and the program became effective on that date.
23. The regulation at 40 C.F.R. § 70.6(b)(1) specifies that all terms and conditions in a permit issued under Part 70 program, including any provisions designed to limit a source's potential to emit, are enforceable by the U.S. EPA

under the Act.

24. Keystone's Title V permit, Section 5.8, General Operational Flexibility/Anticipated Scenarios states that the source may operate in accordance with the conditions of Construction Permit 99020046 which have been attached hereto as Attachment 10.7 and incorporated herein by reference upon completion of the applicable physical and operational improvements to the Arc Shop, including a compliance demonstration from a valid performance test as required by Condition 20 of the Construction Permit 99020046.
25. Attachment 10.7, Condition 20 of the PSD Construction Permit 99020046 states that within 180 days from the completion of the construction under this permit, the emissions of PM, PM₁₀, NO_x, CO, VOM, Pb, SO₂ and opacity from the Arc Shop control system shall be measured by an approved testing service, during conditions which are representative of maximum emissions, to demonstrate compliance with the conditions of this permit.
26. Section 70.1(b) of the Title V permit regulations, 40 C.F.R. § 70.1(b), requires all subject sources to have a permit to operate that assures compliance with all applicable requirements. Section 70.2 of the Title V permit regulations, 40 C.F.R. 70.2, defines "applicable requirement" as ". . . (1) Any standard or other requirement provided for in the applicable implementation plan approved or promulgated by EPA through rulemaking under Title I of the Act that implements the relevant requirements of the Act, including any revisions to that plan promulgated in part 52 of this chapter; (2) Any term or condition of any preconstruction permits issued pursuant to regulations approved or promulgated through rulemaking under Title I, including parts C or D, of the Act; . . ."

Factual Background

27. Keystone owns and operates a steel producing facility at 7000 S. W. Adams Street in Peoria, Illinois (the facility).
28. IEPA issued a Title V permit for the facility on November 26, 2003.
29. Keystone owns and operates an electric arc furnace (EAF) at its facility, which is identified in its approved Title V permit. The EAF has four oxy-fuel burners and is used to process scrap metals in stages that include charging,

melting, refining, slagging and tapping.

30. Keystone owns and operates a ladle metallurgical furnace (LMF) at its facility, which is identified in its approved Title V permit, where steel is maintained in the molten state for further refining.
31. Keystone's EAF and LMF are located in the arc shop.
32. Keystone submitted a PSD permit application to IEPA for arc shop production increase on February 5, 1999.
33. Keystone's PSD (Construction) permit number 99020046 was approved on June 1, 2000.
34. U.S. EPA inspected the Keystone facility in Peoria, Illinois on March 24, 2005.
35. U.S. EPA sent a Section 114 letter to Keystone on May 24, 2005.
36. Based on the information reported in its Section 114 response to U.S. EPA, Keystone installed two new Ferrex design high capacity scrap buckets in October 2001.
37. Based on the information reported in its Section 114 response to U.S. EPA, Keystone has not commenced any other construction authorized in its permit since October 2001.
38. Pursuant to Keystone's Title V permit and Construction Permit 99020046, within 180 days from the completion of the construction, the emissions of PM, PM₁₀, NO_x, CO, VOM, Pb, SO₂ and opacity from the Arc Shop control system shall be measured by an approved testing service.


Violations

39. Keystone failed to apply BACT for each pollutant subject to regulation under the Act for which it would result in a significant net emissions increase at the source as required by 40 C.F.R. § 52.21(j).
40. Keystone failed to demonstrate that allowable emission increases from the proposed source or modification, in conjunction with all other applicable emissions increases or reductions (including secondary emissions), would not cause or contribute to air pollution in violation of (1) any national ambient air quality standard (NAAQS) in any air

quality control region; or (2) any applicable maximum allowable increase over the baseline concentration in any area. This requirement is established under 40 C.F.R. § 52.21(k).

41. Keystone failed to measure the emissions of PM, PM₁₀, NO_x, CO, VOM, Pb, SO₂ and opacity from the arc shop control system within 180 days after completion of the construction as required by Attachment 10.7, Condition 20 of its Title V permit.

12/8/2005
Date


Stephen Rothblatt, Director
Air and Radiation Division

CERTIFICATE OF MAILING

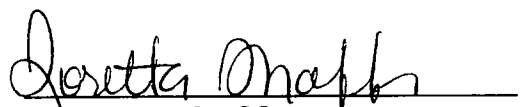
I, Loretta Shaffer, certify that I sent a Finding of
Violation by Certified Mail, Return Receipt Requested, to:

Russ R. Perry, Energy & Environmental Engineering Manager
Keystone Steel & Wire Co.
7000 S. W. Adams Street
Peoria, Illinois 61641

I also certify that I sent copies of the Finding of
Violation by first class mail to:

Julie Armitage, Acting Manager
Compliance and Enforcement Section
Bureau of Air
Illinois Environmental Protection Agency
1021 North Grand Avenue
Springfield, Illinois

on the 8th day of December, 2005.


Loretta Shaffer, Secretary
AECAS, (MN/OH)

CERTIFIED MAIL RECEIPT NUMBER: 70010320 0005 9025 4350